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Beyond NAFTA— Latin America

I. Developments in Latin American Trade Agreements

Trade within Latin America has been experiencing considerable growth, attracting a renewed interest from foreign investors.¹ Indeed, a recent report from the eleven-member Latin American Integration Association (ALADI) found that, along with the expansion of regional trade pacts and the subsequent decline in tariff barriers, exports from the region increased by sixteen percent in 1994.² At the same time, European Union (EU) exports to Latin America have continued to rise along with its overall investment in the region.³ What follows below is a description of the latest developments in the most notable Latin American trade agreements that have significantly contributed to the expansion of regional trade and to the overall progress toward the eventual formation of the Free Trade Area of the Americas.⁴

A. THE SOUTHERN CONE COMMON MARKET (MERCOSUR)

The Southern Cone Common Market, grouping Brazil, Argentina, Uruguay and Paraguay in a free trade market of more than 190 million people, represents the fourth largest world economic region after the North American Free Trade Agreement (NAFTA), the EU, and Japan.⁵ Since the signing of its founding treaty on March 26, 1991, MERCOSUR has seen its trade increase by 200 percent.⁶ Such dramatic growth is due in large part to trade liberalization policies implemented among all MERCOSUR members.⁷ In addition, MERCOSUR nations have opened their markets to foreign trade and investment.⁸ Perhaps because the Southern Cone countries have one of the highest concentrations of overseas European populations and firms, 70 percent of European direct foreign investment in Latin America is concentrated in MERCOSUR countries, mainly in Argentina and Brazil.⁹ Indeed, before the end of this year MERCOSUR and the EU plan to negotiate an economic and trade cooperation framework agreement.¹⁰ Such an agreement will, without a doubt,

1. *EU/Latin America: Economics Issues Top Inter-Parliamentary Debate*, EUROPEAN REPORT, June 24, 1995, available in LEXIS/NEXIS Library. *Trade Deficit Likely to Shrink*, LATIN AMERICA WEEKLY REPORT, June 8, 1995, available on LEXIS/NEXIS Library.
 2. *Trade - Latin America: Imports Predicted to Fall*, INTER PRESS SERVICE, May 24, 1995, available in LEXIS/NEXIS Library. *America: Cross Border Commerce*, BUSINESS LATIN AMERICA, June 5, 1995, available in LEXIS/NEXIS Library.
 3. EUROPEAN REPORT, *supra* note 1.
 4. As of July 27, 1995.
 5. Felix Pena, *New Approaches to Economic Integration in the Southern Cone*, THE WASH. Q., Summer 1995, at 113.
 6. *34 Countries Push Pan-American Free Trade Zone, but Brazil Wary on Pace*, AGENCE FRANCE PRESSE, July 2, 1995, available in LEXIS/NEXIS Library. Felix Pena, *supra* note 5.
 7. Pena, *supra* note 5.
 8. *Id.*
 9. *Id.*
 10. *EU: Vice-President Marin Announces Negotiations with MERCOSUR in September*, AGENCE EUROPE, June 28, 1995, available in LEXIS/NEXIS Library. EUROPEAN REPORT, *supra* note 1.
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also stimulate trade and investments with other non-MERCOSUR Latin American countries.¹¹

1. Negotiations Between MERCOSUR and the Andean Pact

Since bilateral trade continues to develop between Brazil and Venezuela, the likelihood that MERCOSUR and the Andean Pact will soon converge has increased considerably. Despite the fact that intra-Andean Pact exports recently reached their highest level since the group was created 26 years ago, the Andean Group nations (Venezuela, Colombia, Bolivia, Ecuador and Peru)¹² actually trade *less* with each other than with MERCOSUR.¹³ A prime example of this phenomenon is Venezuela's recent signing of a free trade accord with MERCOSUR.¹⁴ Although Venezuela is the first Andean nation to take this step, its strategy is "not just to link itself to the Mercosur but to get the whole Andean Group to link up" to MERCOSUR, the most potent economic bloc in Latin America.¹⁵

Plans for an eventual free trade agreement between the Andean Pact and MERCOSUR are already underway. In June, the Andean Pact ministers took up the Colombian proposal that they should negotiate such an agreement as one joint group.¹⁶ Brazil, for its part, decided this past July to join the Andean Promotion Commission (CAF), which is a financial organization among the five Andean countries. Brazil's President Fernando Henrique Cardoso noted that such a move embodied a concrete step towards regional integration as well as the eventual union of the two South American trading blocs.¹⁷ Given that four out of the five Andean nations share one long border with Brazil, a MERCOSUR member, vast potential exists for that region's development.¹⁸ Moreover, the link-up between MERCOSUR and the Andean Pact will be a step forward in the pursuit of the hemispheric American Free Trade Area.¹⁹

11. Pena, *supra* note 5.

12. The reincorporation of Peru, scheduled to take place on June 30, 1995, was postponed - perhaps for another six months. Peru was suspended in 1992 from the trade clauses of the agreement as a result of a disagreement about the common external tariff. *Peru Stays Out*, LATIN AMERICA WEEKLY REPORT, June 29, 1995, available in LEXIS/NEXIS Library.

13. LATIN AMERICA WEEKLY REPORT, *supra* note 1. *Brazil Decides to Join Andean Promotion Commission*, XINHUA NEWS AGENCY, July 4, 1995, available in LEXIS/NEXIS Library. *Next Step is Mercosur-Andean Link; Boost to Come from Brazil-Venezuela Ties*, LATIN AMERICA WEEKLY REPORT, June 1, 1995, available in LEXIS/NEXIS Library. INTER PRESS SERVICE, *supra* note 2.

14. *Brazil-Venezuela: North-South Pillar of South America Integration*, INTER PRESS SERVICE, July 3, 1995, available in LEXIS/NEXIS Library.

15. *Id.* *Venezuela's Hopes*, LATIN AMERICA REGIONAL REPORTS: MEXICO AND CENTRAL AMERICA, June 15, 1995, available in LEXIS/NEXIS Library. *EU/Latin America: EU Ready to Offer Venezuela Help with Regional Integration*, EUROPEAN REPORT, June 28, 1995, available in LEXIS/NEXIS Library.

16. LATIN AMERICA WEEKLY REPORT, *supra* note 12.

17. XINHUA NEWS AGENCY, *supra* note 13.

18. *Id.*

19. *Brazil-Venezuela: Petroleum Oils the Wheels of Integration*, INTER PRESS SERVICE, July 6, 1995, available in LEXIS/NEXIS Library. LATIN AMERICA WEEKLY REPORT, *supra* note 13.

2. Negotiations Between Brazil and Venezuela

The United States National Export Strategy recently identified Brazil as one of the ten "Big Emerging Markets" for special export promotion efforts.²⁰ In actuality, Brazil's trade market is already experiencing a number of promising developments. The presidents of the U.S. and Brazil, for example, have requested recommendations on their nations' bilateral trade relations, such as the potential for establishing links between NAFTA and MERCOSUR and measures to expand bilateral U.S.-Brazilian trade, by November of this year.²¹

Trade relations between Brazil and Venezuela seem particularly promising in light of recent events. Venezuela gives Brazil "top priority" in its foreign relations perhaps because the two countries share common interests in the areas of electricity, oil, mining, highways and telecommunications.²² Similarly, although Brazil's natural resources are many, the country hardly produces half of the oil it consumes and needs to import additional oil from countries like Venezuela in order to meet its internal demand.²³ On July 4, 1995, Brazilian President Cardoso and his Venezuelan counterpart Rafael Caldera signed an "intentions protocol" between the two state petroleum companies (Venezuelan Petroleum, or PDVSA, and Petrobras) in order to set up a joint subsidiary, to be called Petroamerica, that is expected to become an internationally powerful company.²⁴ Even though the agreement also mentions "international commercial expansion projects, oil and gas exploration, sales accords for various hydrocarbons and fuel and lubricant distribution on the Brazilian market," such goals will only become feasible when the Brazilian Parliament is able to disband the internal Petrobras monopoly.²⁵ Meanwhile, the new strengthened relationship between Brazil and Venezuela is viewed by both nations as a solid foundation on which to negotiate a free trade deal within 10 years.²⁶

B. THE GROUP OF THREE (G-3)

The Group of Three (G-3), consisting of Mexico, Venezuela and Columbia, integrates a market that benefits at least 142 million consumers and enjoys a combined gross national product (GNP) that accounts for about a third of the GNP of the 34 Latin American countries (excepting Cuba).²⁷ This intra-regional free trade agreement is generally regarded as one of the most advanced since it was modeled after the NAFTA and includes intellectual

20. *Hemispheric Goal of FTAA by 2005 is 'Feasible,' Brazil's Cardoso Says*, 12 INT'L TRADE REP. (BNA) 733, (April 26, 1995).

21. *Id.*

22. INTER PRESS SERVICE, *supra* note 14.

23. *Venezuela Wants Free Trade Zone Agreement with Mercosur*, BBC SUMMARY OF WORLD BROADCASTS, May 23, 1995, available in LEXIS/NEXIS Library.

24. INTER PRESS SERVICE, *supra* note 19. *Brazil, Venezuela to Seek Free Trade, Associate State Oil Industries*, AGENCE FRANCE PRESSE, July 4, 1995, available in LEXIS/NEXIS Library. INTER PRESS SERVICE, *supra* note 14.

25. INTER PRESS SERVICE, *supra* note 19.

26. AGENCE FRANCE PRESSE, *supra* note 24.

27. *Taiwan: BOFT Targets Investment in G-3*, BUSINESS TAIWAN, May 22, 1995, available in LEXIS/NEXIS Library. *Tripartite Summit Works for Accelerated Economic Integration*, BBC SUMMARY OF WORLD BROADCASTS, July 4, 1995, available in LEXIS/NEXIS Library.

property, investment and unfair trade practice clauses.²⁸ In addition, the foreign ministers of the three nations have regularly scheduled meetings that were proposed as "a permanent mechanism for political consultation and dialogue" to analyze common interests such as the process of integration.²⁹

Despite the findings of one report that Mexican trade with Venezuela and Colombia improved in the first two months of this year, trade between Mexico and Venezuela is surprisingly low considering the potential of both countries.³⁰ Part of the reason for the decreased trading between these nations is attributed to Mexico's financial crisis, and the border conflicts between Venezuela and Colombia.³¹ Certain Venezuelan and Mexican sources have also admitted, however, that while their own economies tend to compete with each other, Venezuelan-Colombian trade with Mexico is more complementary.³² Despite such recent events and opinions, Mexico's interest continues to be as strong as ever in the Venezuelan privatization process in both the steel and aluminum industries as well as in banks and finance houses.³³ Colombia, for its part, continues to enjoy the benefits of the Andean Trade Preference Act (ATPA), which gives most Colombian goods tariff-free access to the U.S. market until 2001.³⁴

Foreign investment is a particularly promising area of trade for the Group of Three. Bilateral trade between Taiwan and the three member nations, for instance, grew 11.89% last year, making it "one of the regions with the fastest trade growth with Taiwan."³⁵ While the Latin American nations are rich in natural resources such as crude oil, lumber, coal, aluminum and precious metals, Taiwan's investments consist mostly of textiles, auto parts and plastic products.³⁶ Similarly, the EU has shown some interest in establishing closer ties with Mexico at the same time that Mexico is seeking more European market openings for its manufactured goods.³⁷

In addition to the continuing growth of foreign investment in the Group of Three, a strong possibility exists that other nations will actually join the G-3 in the near future. After a three-day meeting in early July, presidents of Colombia, Costa Rica and Honduras agreed "to take actions to accelerate the integration process of the Central American nations to the

28. *Wanting to Deal with the MERCOSUR*, LATIN AMERICA REGIONAL REPORTS: MEXICO AND CENTRAL AMERICA, Apr. 20, 1995, available in LEXIS/NEXIS Library.
 29. *Foreign Ministers of Colombia, Mexico and Venezuela to Meet in Quito*, BBC SUMMARY OF WORLD BROADCASTS, May 30, 1995, available in LEXIS/NEXIS Library.
 30. *Increase in Volume of Trade with Venezuela*, BBC SUMMARY OF WORLD BROADCASTS, June 13, 1995, available in LEXIS/NEXIS Library. INTER PRESS SERVICE, *supra* note 14. *Mexico-Venezuela: Trade and Investment Bonanza Planned*, INTER PRESS SERVICE, May 10, 1995, available in LEXIS/NEXIS Library.
 31. BBC SUMMARY OF WORLD BROADCASTS, *supra* note 29.
 32. INTER PRESS SERVICE, *supra* note 30.
 33. *Id.*
 34. *Colombia Trade: Policy Targets Diversified Exports, Region Accords*, GLOBAL FINANCIAL MARKETS, May 12, 1995, available in LEXIS/NEXIS Library.
 35. BUSINESS TAIWAN, *supra* note 27.
 36. *Id.*
 37. *Latin America-Europe: Parliamentarians Review and Revise Relations*, INTER PRESS SERVICE, June 16, 1995, available in LEXIS/NEXIS Library. EUROPEAN REPORT, *supra* note 27.
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Group of Three."³⁸ Panama, Honduras and Ecuador have also expressed a special interest in becoming members of the G-3.³⁹ Of course, since Mexico's NAFTA partners take 80 percent of Mexican exports, many of the prospective G-3 members as well as outside foreign investment will hope to benefit, at least indirectly, from Mexico's access to the North American market.⁴⁰

C. THE CARIBBEAN BASIN INITIATIVE (CBI)

The Caribbean Basin Initiative has generally been regarded as an "important regional trade agreement that has proven advantageous to both the United States and the beneficiary countries."⁴¹ The CBI was enacted in 1984 and allowed duty-free access for a range of products as a way of encouraging economic growth in the region and supporting friendly governments in the Caribbean and Central America.⁴² Ever since the NAFTA became effective in January 1994, however, these basic objectives of the CBI have been outwardly thwarted. Goods made in the CBI (including textiles, apparel, leather goods, footwear, canned tuna and oil) receive only duty breaks and unlimited quotas from the U.S. while the same goods made in Mexico are completely duty-free when exported to the U.S. under the NAFTA.⁴³ Indeed, a recent report by the International Trade Commission concluded that "Mexico was the fastest growing supplier of textile and apparel products to the United States."⁴⁴ As a result, a number of manufacturers are quickly moving their operations from Central America and the Caribbean to Mexico.⁴⁵

In order to counteract the competitive disadvantage suffered by the Caribbean Basin nations, bills known as the Caribbean Basin Trade Security Act (HR 553, S 529) recently introduced to the U.S. Congress propose that NAFTA-like trade benefits also be granted to CBI countries for a transitional period of up to 10 years so long as the products meet NAFTA rules of origin requirements.⁴⁶ These trade benefits are expected to increase economic opportunities in the region.⁴⁷ Moreover, the ten-year period "is consistent with the

38. BBC SUMMARY OF WORLD BROADCASTS, *supra* note 27.

39. *Id.* BBC SUMMARY OF WORLD BROADCASTS, *supra* note 29.

40. *Mexico Trade: North, Not South*, INTER PRESS SERVICE, July 3, 1995, available in LEXIS/NEXIS Library. BUSINESS TAIWAN, *supra* note 27.

41. 12 INT'L TRADE REP. (BNA) 876 (May 17, 1995).

42. *NAFTA Parity Urged for Caribbean*, PROPRIETARY TO THE UNITED PRESS INT'L 1995, May 15, 1995, available in LEXIS/NEXIS Library. *U.S. Trade Plan Offers Hope to Caribbean*, FINANCIAL TIMES, Apr. 11, 1995, available in LEXIS/NEXIS Library.

43. *U.S. Official Urges Changes in Caribbean Trade Bill*, REUTERS, LTD., May 15, 1995, available in LEXIS/NEXIS Library. *Mexico Imports Leap in Apparel, Textiles*, WOMEN'S WEAR DAILY, May 19, 1995, available in LEXIS/NEXIS Library.

44. REUTERS, LTD., *supra* note 43.

45. *Mexico Apparel and Textile Exports to U.S. See Jump Under NAFTA*, ITC Says, 12 INT'L TRADE REP. (BNA) 815 (May 10, 1995). *Apparel, Textile Imports from Mexico Skyrocket in February: Commerce Dep't*, 25 DAILY NEWS RECORD, No. 76, at 2, Apr. 20, 1995, available in LEXIS/NEXIS Library. FINANCIAL TIMES, *supra* note 42.

46. *Gingrich Urges Rapid Renewal of Fast Track, NAFTA Expansion*, 12 INT'L TRADE REP. (BNA) 897 (May 24, 1995). PROPRIETARY TO THE UNITED PRESS INT'L 1995, *supra* note 42.

47. PROPRIETARY TO THE UNITED PRESS INT'L 1995, *supra* note 42.

date set for achieving the Western Hemisphere free trade area adopted at the Summit of the Americas and allows for greater investor security.”⁴⁸ The amended version of HR 553 calls for some changes in the criteria as well as a periodic review every three years of CBI nations’ compliance with the modified criteria (e.g., intellectual property protection, investment protection, worker rights, market access, etc.).⁴⁹ The NAFTA-type proposed arrangement is generally viewed as “a significant step towards the realization of hemispheric-wide free trade.”⁵⁰

II. Chile’s Accession into NAFTA

Among the ten South American nations, Chile is the only country that is neither a member of MERCOSUR nor the Andean Pact.⁵¹ Despite this apparent drawback, Chile’s economy has grown twice as much as last year at the same time that its capital markets have been steadily opening.⁵² In the first two months of this year, for example, Chile’s exports to Latin America grew by 79.3 percent.⁵³ Much of Chile’s economic success may be attributed to its free trade advances in the region, including the 50 percent of Chilean capital that has been invested in South America during the past two decades.⁵⁴

Although Chile does not belong to any subregional bloc, it has nevertheless signed bilateral free trade accords with virtually all Latin American countries.⁵⁵ In addition, Chile is currently negotiating accords with MERCOSUR and the NAFTA, and it expects to sign a treaty with the European Union.⁵⁶ While Chile is expected to enter MERCOSUR sometime in 1995, either as a full member or as a special partner through some kind of association agreement, Chile’s accession into the NAFTA will probably not take place until mid-1996.⁵⁷ Formal negotiations between Chile and the NAFTA members have begun, however, and they are expected to be expedited in an effort to advance the attainment of the Free Trade Area of the Americas.⁵⁸ As a prospective member of both MERCOSUR and NAFTA, Chile

48. *Caribbean Basin: Administration Supports CBI Bill; Prefers House to Senate Version*, INT’L TRADE DAILY (BNA), May 17, 1995, available in LEXIS/NEXIS Library.

49. *Id.*

50. *Prepared Statement of Senator Bob Graham Before the Senate Finance Committee; Subcommittee on International Trade*, Federal News Service, May 15, 1995, available in LEXIS/NEXIS Library.

51. *Merging of Two South American Trade Blocks Seen Possible This Year*, DEUTSCHE PRESSE-AGENTUR, Apr. 19, 1995, available in LEXIS/NEXIS Library.

52. *Chile: Ministerial-Level Meeting is Key Step Towards NAFTA*, INTER PRESS SERVICE, June 28, 1995, available in LEXIS/NEXIS Library.

53. *LATIN AMERICA REGIONAL REPORTS: SOUTHERN CONE*, June 1, 1995, available in LEXIS/NEXIS Library.

54. *Id.*

55. INTER PRESS SERVICE, *supra* note 52.

56. *Id.* *Three NAFTA Partners Believe Chile Accession Can be ‘Rapid,’ Barchefshky Says*, 12 INT’L TRADE REP. (BNA) 1092 (June 28, 1995). INTER PRESS SERVICE, *supra* note 37.

57. *Pena, supra* note 5. *Cutter Calls Fast-Track Renewal ‘Extremely Important’ This Year*, 12 INT’L TRADE REP. (BNA) 932 (May 31, 1995). INTER PRESS SERVICE, *supra* note 52.

58. INTER PRESS SERVICE, *supra* note 52. *Denver Ministerial to Set Up Analytical Base for FTAA Negotiations*, 12 INT’L TRADE REP. (BNA) 305 (May 24, 1995).

may very well provide a potential "bridge" between the two trading blocs in the move towards a hemispheric free-trade zone. Besides providing a critical link between both regions, Chile's current trading negotiations are expected to speed the pace of hemispheric integration and will help ensure that the trading blocs remain "fundamentally open and dynamic."⁵⁹

III. The Denver Ministerial Meeting: Making the FTAA a Reality

The Miami Summit last December called for regularly scheduled ministerial meetings to devise a roadmap towards the successful formation of the Free Trade Area of the Americas (FTAA).⁶⁰ This past summer, the first of these ministerial meetings took place in Denver, Colorado, thanks to the organizational efforts of the Inter-American Development Bank, the Organization of American States and the United Nations Economic Commission for Latin America and the Caribbean.⁶¹ The three-day gathering presented an opportunity for the trade ministers to follow up on the pledge of their heads of state to negotiate a plan for the FTAA by 2005.⁶² A unique feature of the meeting was the inclusion of the private sector in the discussion of key functional issues such as commercial integration and infrastructure vital to the creation of the FTAA within a decade.⁶³ Following a one-day ministerial meeting on June 30th, more than 800 trade and commerce ministers and high-level private sector representatives from throughout the Western Hemisphere came together on July 1st and 2nd to hold the first Hemispheric Trade and Commerce Forum.⁶⁴ Expressing the overall enthusiasm of the forum's attendees with respect to the integration of business leaders into the FTAA's preparatory phase of negotiations, U.S. Commerce Secretary Ron Brown stated that such integration "will serve as a launching pad to increase government-to-government, business-to-business, and government-to-business [relations]."⁶⁵

The trade ministers in Denver unanimously adopted a declaration that reiterated their leaders' commitment to complete FTAA negotiations by 2005.⁶⁶ Among the guiding principles set forth in the declaration were "that progress will be fully consistent with the World Trade Organization; that the negotiations will be comprehensive in scope; that the negotiations will not raise barriers to third countries; and that all participants will have to take on

59. *McLaren Hopes Accession Talks with Chile Can be Concluded This Year*, 12 INT'L TRADE REP. (BNA) 625 (Apr. 5, 1995).

60. *Trade Ministers to Meet in Denver for June Ministerial to Plan FTAA*, 12 INT'L TRADE REP. (BNA) 305 (Feb. 15, 1995).

61. *Trade Ministers Asked to Make Hemispheric Pact Top Priority*, THE REUTER BUSINESS REPORT, June 30, 1995, available in LEXIS/NEXIS Library.

62. AGENCE FRANCE PRESSE, *supra* note 6. *Trade Ministers Lay Groundwork for American Trade Zone*, REUTERS, LTD., June 30, 1995, available in LEXIS/NEXIS Library.

63. *Brown, Kator to Host Hemispheric Trade and Commerce Forum in Denver, July 1-2*, U.S. NEWswire, June 23, 1995, available in LEXIS/NEXIS Library. INT'L TRADE REP., *supra* note 60.

64. U.S. NEWswire, *supra* note 63. INT'L TRADE REP., *supra* note 60.

65. *Trade Ministers to Sign Declaration Establishing Work Plan at Ministerial*, 12 INT'L TRADE REP. 1090 (June 28, 1995). U.S. NEWswire, *supra* note 63.

66. AGENCE FRANCE PRESSE, *supra* note 6.

the full range of obligations."⁶⁷ In addition, the declaration established an action plan or a "working agenda" of steps toward reaching the 2005 goal, including the formation of seven working groups of technical experts.⁶⁸

The working groups established by the ministerial declaration will gather the necessary data of all the nations in the region to provide basic information about other countries' trade practices before engaging in any kind of negotiations.⁶⁹ The issues that are to be explored by the seven working groups are: (1) market access, (2) customs procedures and rules of origin, (3) investments, (4) product standards and technical barriers to trade, (5) sanitary and phytosanitary measures, (6) subsidies, and (7) anti-dumping and duties.⁷⁰ It is hoped that the working groups will look into existing laws and practices where "more immediate" progress can be made to speed up the integration process.⁷¹ For instance, the customs working group will more than likely look at ways to harmonize customs procedures, while the product standards group will consider whether certification entities are able to certify compliance with other countries' standards.⁷² In addition to the seven working groups, a special group was set up to examine whether in actuality the smaller economies face harder adjustment burdens as they prepare to compete in vast free markets. If that is indeed the case, this working group will propose the necessary means to ensure that these smaller economies are not "trampled" in the negotiations.⁷³

The seven issue-based working groups will hold periodic meetings in El Salvador, Bolivia, Costa Rica, Canada, Mexico, Argentina and Jamaica, respectively.⁷⁴ Although the working groups will be open to all participating countries, as a practical matter, those countries with less resources will probably not be able to participate in all seven groups.⁷⁵ Once the necessary information is gathered, however, the working groups will develop recommendations on how to proceed, which will, in turn, be reviewed by a group of vice-ministers from all thirty-four countries that will then help the groups determine which recommendations go forward to the ministers at the next ministerial meeting in March of 1996.⁷⁶ The recommendations that will be considered at that meeting will serve as the analytic basis for negotiating a FTAA.⁷⁷ In addition, four more working groups are expected to be formed at the next ministerial meeting in Colombia to investigate the more contentious issues that relate to the protection of intellectual property, services, the opening up of government procurement, and the development of common competition policies, including the allowance

67. INT'L TRADE REP., *supra* note 65. REUTERS, LTD., *supra* note 62.

68. AGENCE FRANCE PRESSE, *supra* note 6. REUTERS, LTD., *supra* note 62.

69. INT'L TRADE REP., *supra* note 65.

70. *Id.* Trade Ministers Conclude First Meeting on 'AFTA', THE FINANCIAL POST, July 1, 1995, available in LEXIS/NEXIS Library. UNITED PRESS INT'L, *supra* note 57.

71. INT'L TRADE REP., *supra* note 65. REUTERS, LTD., *supra* note 62.

72. *Id.*

73. *Id.* THE FINANCIAL POST, *supra* note 70. UNITED PRESS INT'L, *supra* note 57. AGENCE FRANCE PRESSE, *supra* note 6.

74. UNITED PRESS INT'L, *supra* note 57.

75. INT'L TRADE REP., *supra* note 65.

76. *Id.* AGENCE FRANCE PRESSE, *supra* note 6.

77. INT'L TRADE REP., *supra* note 58. AGENCE FRANCE PRESSE, *supra* note 6. UNITED PRESS INT'L, *supra* note 57.

of more direct foreign investment.⁷⁸ The findings of these latter working groups are likely to be presented at the following meeting of ministers and business leaders, which Brazil has agreed to host in 1997 in Belo Horizonte.⁷⁹

IV. Conclusion

The recent developments in the various Latin American trade agreements, the continuing progress that has been made in the negotiations for Chile's accession to NAFTA and the actual steps being taken towards the eventual formation of the FTAA are all efforts that clearly signal a hemispheric free trade agreement gradually becoming a reality. Free trade agreements are, as a general rule, economically beneficial trade-creating devices.⁸⁰ Not only do they tend to form a "natural trade bloc," but they also have strategic importance because they indicate the strength of regional bonds.⁸¹

Setting up the world's largest free trade zone (that will consist of 800 million people by the year 2005) will no doubt be a difficult process. However, the mere fact that a joint declaration was adopted unanimously is a fundamental step in laying the foundation for FTAA negotiations to occur because it demonstrates the willingness of all the nations in the region to commit their countries' efforts to the successful formation of the FTAA.⁸² It cannot be doubted that the variety and number of regional trade agreements that are presently in effect will work to the advantage, not the disadvantage, of an eventual FTAA. Indeed, the ministers at the meeting in Denver this past summer reiterated that such trading blocs are essential to the eventual formation of the hemispheric trading zone. Given that the majority of the countries represented at the conference have already entered into at least one regional trade agreement, such experience will prove to be invaluable as the FTAA prospective members continue to build upon those trade alliances.⁸³ In addition, the growing interest of the European Union and other foreign investors in the Latin American region lends even greater significance to the potential beneficiaries of the FTAA. More significantly, the hemispheric economic integration embodied in the FTAA promises to provide real benefits for the people of the Americas in the form of increased higher-paying employment, improved working conditions and higher standards of living.⁸⁴

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78. AGENCE FRANCE PRESSE, *supra* note 61. INT'L TRADE REP., *supra* note 65. THE FINANCIAL POST, *supra* note 70.

79. AGENCE FRANCE PRESSE, *supra* note 6.

80. *Commission Concludes Evaluation of Free Trade Agreement*, Comm'n of the European Communities, Mar. 8, 1995, available in LEXIS/NEXIS Library.

81. *Id.* INT'L TRADE REP., *supra* note 60.

82. UNITED PRESS INT'L, *supra* note 57. REUTERS, LTD., *supra* note 62. THE REUTER BUSINESS REPORT, *supra* note 61.

83. REUTERS, LTD., *supra* note 62. UNITED PRESS INT'L, *supra* note 57.

84. AGENCE FRANCE PRESSE, *supra* note 6.